



Iowa Department of Human Services

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INFORMATIONAL LETTER NO.1231

DATE: April 16, 2013

TO: Iowa Medicaid Case Managers, Service Workers and Supervisors,
Service Area Administrators, Home and Community Based Services Waiver
Providers and County Central Point of Coordination Administrators

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Home and Community Based Services (HCBS) Habilitation, Home Based
Habilitation (HBH) Rate Changes

EFFECTIVE: April 1, 2013

Pursuant to the authority of Iowa Code Section 249A.4, the Department of Human Services (DHS) has amended 441 Iowa Administrative Code, Chapter 79, "Other Policies Relating to Providers of Medical and Remedial Care".

Historically, since the habilitation services program began, the upper rate limit (URL) for hourly services has been considered to be set higher than the actual cost, and the daily rate cap has been considered to be set too low. This has resulted in providers submitting requests for an exception to policy (ETP) to exceed the daily home-based habilitation services URL. These amendments described below will balance the rate:

1. Increase the daily rate cap for home-based habilitation services from \$105.97 to \$200.
2. Change the definition of a daily unit of service for home-based habilitation services from 14 hours to 8 or more hours. A daily unit of service will be when 8 or more hours of direct services are provided during a 24-hour period on average over the course of a calendar month.
3. Maintain the hourly rate cap and limits for home-based habilitation services.
4. Limit the total daily cost for hourly home-based habilitation services to no more than the daily rate cap set for home-based habilitation services.

Home and Community Based Habilitation Services:	Basis of Reimbursement	Upper Rate Limit
Home-based habilitation	Retrospective cost-related. See 79.1(24)	\$46.70 per hour not to exceed \$6,083 per month, or \$200 per day

79.1(24) “a” has been amended as follows:

Home-based habilitation	A unit of home-based habilitation is one hour (for up to 7 hours per day) or one day (for 8 or more hours per day), based on the average hours of service provided during a 24-hour period, as an average, over a calendar month. Reimbursement for hourly services shall not exceed the upper rate limit for daily home-based habilitation services set in 79.1(2).
Exceptions	<ul style="list-style-type: none"> • The daily unit of service shall be used when a member receives services for 8 or more hours provided during a 24-hour period as an average, over a calendar month. The hourly unit shall be used when the member receives services for 1 to 7 hours provided during a 24-hour period, as an average, over a calendar month. • The member's comprehensive service plan must identify and reflect the need for the amount of supervision and skills training requested. The provider's documentation must support the number of direct support hours identified in the comprehensive service plan.
Providers with Exceptions to Policy (ETP) to exceed the \$105.97 but with rates less than \$200.00	<ul style="list-style-type: none"> • Providers will no longer be required to request an ETP for daily rates less than \$200.00. • Providers with whole code W1208 rates will continue at the current finalized projected rate until their next finalized cost report rate not to exceed \$200.00 per day is obtained. • As an existing ETP expires, a provider may project a new non-ETP rate due to a significant change in non-ETP costs. Providers should complete a Habilitation Projected Cost Report form to reflect all of the expenses related to non-ETP daily Home Based Habilitation (HBH), W1208.
Providers without ETPs with rates capped at the previous upper rate limit of \$105.97	<ul style="list-style-type: none"> • Providers may change their rate to their finalized cost report rate when their rate is less than the \$200.00 daily rate cap for home based habilitation W1208. • Providers may send an email to the Provider Cost Audit (PCA) Unit requesting a rate change equal to or less than the most recently finalized cost report rate at costaudit@dhs.state.ia.us Attn: Tamara Burrows. • PCA will make the change in the provider's rate file • The HBH provider must notify the case manager (CM) of the rate change. • The CM makes the change in the member's service plan and issues a new Notice of Decision (NOD) to the provider.
Providers wishing to increase rates above the actual last finalized cost.	<ul style="list-style-type: none"> • Providers wishing to project a new rate due to a significant change in costs must complete a new projection on the Habilitation Cost Report form and submit to PCA. • The provider must submit detailed explanations of why an increase is needed and what has changed to warrant the increase. • PCA will conduct a review of the cost projection and may finalize a rate and make the change in the provider's rate file. • The HBH provider must notify the CM of the rate change. • The CM makes the change in the member's service plan and issues a new NOD to the provider.

For questions please contact the Provider Cost Audit and Rate Setting Unit at 1-866-863-8610 or costaudit@dhs.state.ia.us.